THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) Yes, Sir.

(b) and (c) The Reserve Bank of India (RBI) has reported that it had arranged for investigation of the matter covered by the news-item at Madras Branches of State Bank of India, Standard Chartered Bank and other concerned banks. RBI will firm up its findings after examining the investigation report.

Competition amongst subsidiaries of GIC

2053. SHRI PRAMOD MAHAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal under Government's consideration to allow four Insurance companies of General Insurance Cororation (GIC) to compete freely among themselves;

(b) whether Government have issued any instructions or guidelines in this regard; if so, what are the details thereof;

(c) whether Government have reviewed the functioning of each of these insurance companies;

(d) if so, what are the details in this regard; and

(e) what are the branches of each Company which have been found unviable and what is the extent of loss suffered by each such branch during each of the last three years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) and (b) Committee on Reforms in the Insurance Sector has recommended that General Insurance Corporation should cease to be the holding cmpany of the four subsidiary comptnies and these companies should function as independent companies. Government is yet to take a view on the recommendations of the Committee.

(c) and (d) From time to time the functioning of GIC and Subsidiary Companies is monitored and reviewed by their respective Boards, Insurance Division, special meeting of the Finance Minister and by various Parliamentary Committees namely, Committee on Public Undertakings, Estimates Committee, Committee on Subordinate Legislation, Committee on Welfare of SCs and STs etc.

(e) The viability of branches of Insurance Companies are idetified on grounds of excessive expense ratio i.e. ratio of management expenses to gross direct premium and not on the basis of operating losses. The Company-wise details of unviable branches are as under:—

Name of the Company	No. of Branches unviable
National	138
New India	38
Oriental	79
United India	69

Extra assistance sought by Rajasthan

2054. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) the details of total amount of extra financial assistnce sought by the Rjasthan Government during the last three years and the amount actually allocated, year-wise, for 1991, 1992 and 1993 and so far in 1994, project-wise, by the Central Government;

(b) the reasons for not granting the full assistance asked for in each case; and

c) whether the extra assistance sought during the current financial year has been provided so far, giving the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to c) Information is being collected and will be furnished.

2055. [*Transferred to the 16th March, 1994*].

World Bank Assistance to States

2056. SHRI KAMAL MORARKA : Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that World Bank has decided to provide direct assistance to States;

(b) if so, the details of the States to which World Bank has decided to provide loans and the sectors; and

(c) what will be the Central Government's role in case of World bank's direct assistance to states?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) No, Sir.

(b) and (c). Does not arise.

Opposition to closure of Unviable Bank branches

2057. SHRI KAMAL MORARKA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the trade union leaders opposed the closure of unviable branches and privatisation of nationalised banks;

(b) whether it is also a fact that they wanted several clauses to be removed to improve the recovery of bad debts; and

(c) what are the future plans of Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) Representations have been received from trade unions in this regard. During the meeting of the Finance Minister with the leaders of the trade unions in January, 1994 the apprehensions of the trade union leaders as regards closure of branches and privatisation of banks were allayed.

(b) No specific proposal has been received in this regard.

(c) Reserve Bank of India (RBI) have proposed to the banks concerned that some of the chronic loss making branches which are unlikely to improve their financial position despite all efforts may either be coverted into 'recovery' branches or closed down. The number of branches to be closed down would be around 100.

Evolving a new concept of Industrial Sickness

2058. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether the PHD Chambers of Commerce and Industry (PHDCCI) has urged Government to evolve a new concept for evaluating industrial sickness:

(b) if so, the reaction of Government on the view of PHDCCI;

(c) whether Government propose to give more powers to Board for Industrial and Financial Reconstruction; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) to (d) The PHD Chambers of Commerce and Industry (PHDCCI) has submitted a memorandum to Government in the context of the recommendations contained in the Report of the Committee on Industrial Sickness and Corporate Restructuring. The recommendations are under consideration of Government.